

Q. 6-6

Sales Budget

Total	4 th quarter	3 rd quarter	2 nd quarter	1 st quarter	Details
12	3	4	3	2	Share of quarter
600000	150000	200000	150000	100000	Sales quantity of quarter
Marketing area (A) : %32 of sales quantity of quarter					
192000	48000	64000	48000	32000	Sales quantity
75	75	75	75	75	Sales price
1440000	3600000	4800000	3600000	2400000	Sales revenue
Marketing area (B) : %20 of sales quantity of quarter					
120000	30000	40000	30000	20000	Sales quantity
75	75	75	75	75	Sales price
9000000	2250000	3000000	2250000	1500000	Sales revenue
Marketing area (C) : %25 of sales quantity of quarter					
150000	37500	50000	37500	25000	Sales quantity
75	75	75	75	75	Sales price
11250000	2812500	3750000	2812500	1875000	Sales revenue
Marketing area (D) : %23of sales quantity of quarter					
138000	34500	46000	34500	23000	Sales quantity
75	75	75	75	75	Sales price
10350000	258500	3450000	2587500	1725000	Sales revenue
45000000	11250000	15000000	11250000	7500000	Total sales revenue for all areas

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Sales Budget for January 2010		
Product (B)	Product (A)	Details
5000	7500	Quantity of sales
120	75	Sales price
600000	562500	Sales revenue

Production Budget for January 2010		
Product (B)	Product (A)	Details
5000	7500	Quantity of sales
2500	4000	+ ending finished goods inventory
7500	11500	Total needs
2250	4500	-Beginning finished goods inventory
5250	7000	= quantity of production

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Production Budget for second half of 2009

Total	December	November	October	September	August	July	Details
74000	19000	17000	13000	10000	7000	8000	Quantity of sales
6000	6000	5700	5100	3900	3000	2100	+ ending finished goods inventory
80000	25000	22700	18100	13900	10000	10100	Total needs
2400	5700	5100	3900	3000	2100	2400	- Beginning finished goods inventory
77600	19300	17600	14200	10900	7900	7700	= quantity of production

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Cost of production budget					
Total	4 th quarter	3 rd quarter	2 nd quarter	1 st quarter	Details
228000	60000	64000	56000	48000	Planned production quantity
1368000	360000	384000	336000	288000	Direct material (3 liter x \$2/liter)
912000	240000	256000	224000	192000	Direct labor (2 hours x \$2/hour)
456000	120000	128000	112000	96000	Overhead (%50 of direct labor)
2736000	720000	768000	672000	576000	Cost of production

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Direct material used budget				
Total	December	November	October	Details
70000	30000	25000	15000	Quantity of production
210000	90000	75000	45000	Material (A): Quantity of raw material (3 kg per unit)
630000	270000	225000	135000	Cost of raw material (\$3 per kg)
140000	60000	50000	30000	Material (B): Quantity of raw material (2 kg per unit)
700000	300000	250000	150000	Cost of raw material (\$5 per kg)
570000	520000	475000	285000	Cost of direct material used

Direct material purchases budget

Total	December	November	October	Details
210000	90000	75000	45000	Material (A): Direct material used
105000	105000	90000	75000	+ ending inventory of raw material
315000	195000	165000	120000	= total needs
45000	90000	75000	45000	- Beginning inventory of raw material
270000	105000	90000	75000	= raw material to be purchased
3	3	3	3	X purchases prices
810000	315000	270000	225000	= cost of purchases
140000	60000	50000	30000	Material (B): Direct material used
70000	70000	60000	50000	+ ending inventory of raw material
210000	130000	110000	80000	= total needs
30000	60000	50000	30000	- Beginning inventory of raw material
180000	70000	60000	50000	= raw material to be purchased
5	5	5	5	X purchases prices
900000	350000	300000	250000	= cost of purchases
1710000	665000	570000	475000	Total purchases cost

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Direct material used budget					
Total	4 th quarter	3 rd quarter	2 nd quarter	1 st quarter	Details
128000	42000	32000	30000	24000	Quantity of production
512000	168000	128000	120000	96000	Quantity of raw material (4 meter per unit)
307200	100800	76800	72000	57600	Cost of raw material (\$0.6 per meter)

Direct material purchases budget					
Total	4 th quarter	3 rd quarter	2 nd quarter	1 st quarter	Details
512000	168000	128000	120000	96000	Direct material used
28000	28000	42000	32000	30000	+ ending inventory of raw material
540000	196000	170000	152000	126000	= total needs
24000	42000	32000	30000	24000	- Beginning inventory of raw material
516000	154000	138000	122000	102000	= raw material to be purchased
0.6	0.6	0.6	0.6	0.6	X purchases prices
309600	92400	82800	73200	61200	= cost of purchases

6-12**Overhead budget**

Total	4 th quarter	3 rd quarter	2 nd quarter	1 st quarter	Details
154000	38000	42000	44000	30000	Quantity of production
616000	152000	168000	176000	120000	• variable overhead (\$4 per unit)
462000	114000	126000	132000	90000	• other variable overhead (1.5 hr/unit x \$2/hr)
272000	68000	68000	68000	68000	Fixed overhead
1350000	334000	362000	376000	278000	Total overhead

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Income statement budget

Total	4 th quarter	3 rd quarter	2 nd quarter	1 st quarter	Details
3590000	880000	960000	900000	850000	Sales revenue
2555000	620000	685000	650000	600000	Cost of production
35000	40000	50000	40000	35000	+ Beginning finished goods inventory
2590000	660000	735000	690000	635000	= cost of goods available for sale
30000	30000	40000	50000	40000	- Ending finished goods inventory
2560000	630000	695000	640000	595000	Cost of goods sold
1030000	250000	265000	260000	255000	Gross profit
558000	142000	146000	142000	128000	Selling and administrative cost
64000	16000	16000	16000	16000	- Depreciation
408000	92000	103000	102000	111000	Net income before tax
163200	36800	41200	40800	44400	tax
244800	55200	61800	61200	66600	Net income after tax

Total	June	May	April	Details
15000	105400	59100	15000	Beginning cash balance
132000	50000	42000	40000	+ Cash collection: Cash Sales
316800	120000	100800	96000	Credit Sales: %50 of credit sales for same month
188800	67200	64000	57600	%30 of credit sales for last month
652600	342600	265900	208600	Available Cash
210000	75000	70000	65000	- Cash disbursements %75 of purchases for same month
195000	70000	65000	60000	%25 of purchases for last month
15000	5000	5000	5000	Direct labor
64500	24500	20500	19500	Expenses
168100	168100	105400	59100	Ending cash balance